



April 2, 2012

Registration and Title Bulletin # 008-12 Policy and Procedure

TO: All County Tax Assessor-Collectors

SUBJECT: Delinquent Transfer Penalty

PURPOSE

To inform you of policy changes and processing instructions when collecting the Delinquent Transfer Penalty. This also provides additional clarification to RTB # 001-12.

DETAILS

HB 2357 changed the requirements for the delinquent transfer penalty. The changes went into effect on January 1, 2012. The delinquent transfer penalty now applies to most transfers of ownership, if not filed within the time period specified by law. Please find below a list of the most common exemptions:

- Vehicles that are eligible to be issued classic/antique plates under section 504.501 and 504.502;
- A motor vehicle dealer that is applying for title in the dealership's name;
- Vehicles purchased by exempt agencies;
- Vehicles transferred by Operations of Law only where no sale or auction has occurred such as estates of decedents, bankruptcies, etc.;
- Corrected title transactions (no transfer of ownership); or
- Unrecovered stolen vehicles being titled by insurance companies.

Contact your local Regional Service Center if you are uncertain of a specific transaction.

HB 2357 did not include grandfather provisions for any ownership transfers. HB 481, enacted in the 80th Legislative session, did provide a grandfather provision for all transactions prior to the effective date of January 1, 2008. That legislation specified transactions prior to January 1, 2008 were governed by the prior law in effect at that time. The Registration and Title System (RTS) has been programmed to collect the delinquent transfer penalty appropriately. Therefore, the date of assignment should be used on the RTS Sales Tax (TTL012) screen for all ownership transfers, except out-of-state transfers.

Under the Tax Code, sales tax collection begins when the vehicle enters the state, whereas Transportation Code, Section 501.145 requires the date of assignment to be used. The Date of Assignment and Sales Tax Date are currently one and the same in RTS. For out-of-state titles and out-of-state Manufacturer's Certificate of Origin (MCO) transfers, use the first documented date in Texas to calculate the sales tax penalty. The delinquent transfer penalty located on the Sales Tax (TTL012) screen in RTS will need to be determined, or manually calculated by using the Delinquent Transfer Penalty Calculator.

RTS currently does not allow collection of the Delinquent Transfer Penalty if the vehicle was previously registered with Exempt license plates or when any of the following ownership documents are selected on the Evidence of Ownership (TTL011) screen in RTS:

- Foreign Evidence
- Heirship Form
- Military Registration
- Repossession

We received several questions during the RTS 6.9.0 WebEx, and we have addressed them in the attached FAQ document. The Delinquent Transfer Penalty Calculator was previously requested, and we are excited to have developed it for you. Both of these items are attached, and are also available on the County HUB Resource webpage.

COUNTY ACTION

Until additional programming can be made to RTS for out-of-state transfers, use the first documented date in Texas, such as the date listed on the VI-30, when the first entry date into Texas is different from the date of assignment on an out-of-state title or out-of-state MCO. In the case of an out-of-state title, out-of-state MCO, or foreign evidence transfers, calculate the delinquent transfer penalty manually, or by using the Delinquent Transfer Penalty Calculator tool and adjust the delinquent transfer penalty to correspond with the amount calculated or indicated on the calculator. Making a change to either the Delinquent Transfer Penalty or Delinquent Sales Tax Penalty will require a Supervisor Override.

Collect the delinquent transfer penalty in Additional Collections on those transactions that are not allowing collection at this time.

See the attached RTS 6.9.0 WebEx FAQs for information and processing instructions regarding the delinquent transfer penalty. This information can also be found on the TxDMV website under Resources for Tax Assessor-Collectors at www.TxDMV.gov.

CONTACT

If you have any questions, please contact your local TxDMV Regional Service Center.

Sincerely,



Randy Elliston, Director
Vehicle Titles and Registration Division

Attachment